

Message Text

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ORIGIN ABF-01

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FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA PRIORITY
AMCONSUL RIO DE JANEIRO PRIORITY
INFO AMEMBASSY PANAMA

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PANAMA FOR TUCKER, GAO

E.O. 11652: N/A

TAGS: AGAO, EMIN

SUBJECT: GAO REVIEW: "ASSESSMENT OF THE INCREASING
RELIANCE OF U.S. MAUFACTURERS ON FOREIGN PROCESSED
MATERIALS"

REF: STATE 187764

1. GAO TEAM DONALD P. INGERSOLL AND NORMAN T. THORPE WILL
BE IN BRASILIA DURING THE PERIOD AUGUST 17 THRU
AUGUST 22 AND IN RIO DE JANEIRO DURING THE PERIOD
AUGUST 23 THRU SEPTEMBER 1 TO WORK ON SUBJECT REVIEW.
HOWEVER, MR. INGERSOLL WILL SPEND ONLY ABOUT THREE DAYS
IN EACH CITY. THE PURPOSE OF THE VISIT WILL BE TO DIS-
CUSS WITH EMBASSY AND HOST GOVERNMENT OFFICIALS AND
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INDUSTRY REPRESENTATIVES THE STATUS OF THE FERROALLOY,
ZINC, AND COPPER INDUSTRY AS THEY RELATE TO THE SUBJECT
REVIEW. GAO TEAM HAS BEEN IN CONTACT WITH OTHER GAO
TEAM RECENTLY IN BRAZIL TO DISCUSS ISSUES RELATED TO THE
ALUMINUM INDUSTRY AND REALIZES SOME OF SAME AGENCIES AND
OFFICIALS MIGHT BE CALLED ON AGAIN TO DISCUSS GOB
INCENTIVES RELATING TO THE ABOVE MENTIONED METAL

INDUSTRIES. GAO WILL ACCEPT JUDGEMENT OF EMBASSY IN DECIDING WHEN REPEAT VISITS WOULD BE INAPPROPRIATE.

2. GAO TEAM WOULD LIKE TO DISCUSS WITH EMBASSY OFFICIALS:

A) CHANGES IN THE METHODS AND AMOUNT OF FERROALLOY, ZINC, AND COPPER MINING AND PRODUCTION IN BRAZIL DURING THE LAST FIVE YEARS; B) CHANGES IN THE VOLUME OF IMPORTS AND EXPORTS OF THESE MINERALS AS ORES, PROCESSED MATERIALS, AND FINISHED PRODUCTS AND C) ANY CHANGES ANTICIPATED IN THESE AREAS IN THE FUTURE.

3. WITH REGARD TO HOST GOVERNMENT AND EMBASSY OFFICIALS THE GAO TEAM WOULD LIKE TO DISCUSS A) STRUCTURE OF HOST GOVERNMENT TO IMPLEMENT POLICIES CONCERNING THE DEVELOPMENT OF FERROALLOY, ZINC AND COPPER INDUSTRIES; B) REQUIREMENTS CONCERNING FOREIGN INVESTMENT AND OWNERSHIP IN THESE INDUSTRIES; C) TYPES OF GOVERNMENT DIRECT AND INDIRECT ASSISTANCE SUCH AS LOANS, GRANTS, LOAN GUARANTEES, TAX INCENTIVES, OR THE DEVELOPMENT OF ENERGY RESOURCES OR INFRASTRUCTURE TO STIMULATE DEVELOPMENT OF THE MINERAL INDUSTRY; D) RESTRICTIONS ON IMPORTS AND EXPORTS OF FERROALLY, ZINC, OR COPPER; E) ENVIRONMENTAL CONTROLS AND THE MECHANISMS FOR THEIR ENFORCEMENT; F) IMPACT OF ENERGY REQUIREMENTS ON THE DEVELOPMENT OF THE MINERAL INDUSTRY AND G) THE RELATIONSHIP BETWEEN EMPLOYMENT, FOREIGN EXCHANGE, AND TRADE POLICIES WITH THE LIMITED OFFICIAL USE

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LEVEL OF MINERAL PRODUCTION. CONSIDERING TIME CONSTRAINTS AND RECENT GAO WORK IN BRAZIL, IT WOULD BE USEFUL IF APPOINTMENTS COULD BE ARRANGED FOR GAO TEAM TO CONFER WITH DR. SHIGEAKI UEKI OF THE MINISTRY OF MINES AND ENERGY AND APPROPRIATE OFFICIALS OF AS MANY OF THE FOLLOWING GOVERNMENTAL ENTITIES AS POSSIBLE DURING THE PROPOSED TIME FRAME:

COUNCIL OF INDUSTRIAL DEVELOPMENT
NATIONAL STEEL AND NON-FERROUS METAL COUNCIL (CONSIDER)
SPECIAL SECRETARIAT FOR ENVIRONMENT (SEMA)
NATIONAL ECONOMIC DEVELOPMENT BANK
ADMINISTRATIVE COUNCIL FOR ECONOMIC DEFENSE
INTERMINISTERAL COUNCIL ON PRICES (CIP)

4. WITH REGARD TO INDUSTRY REPRESENTATIVES, THE TEAM WOULD LIKE TO OBTAIN VIEWS ON THE ADVANTAGES OF OPERATING IN BRAZIL VERSUS THE U.S. AND WOULD LIKE TO TALK WITH OFFICIALS OF THE FOLLOWING COMPANIES IN RIO:

COMPANHIA VALE DO RIO DOCE
CARAIBA METALS S/A-INDUSRIA E COMERCIO

COMPANHIA PARAIBUNA DE METAIS
COMPANHIA MERCHANTIL E INDUSTRIAL

ALSO, THE TEAM WOULD LIKE TO CONFER WITH OFFICIALS OF THE BRAZILIAN FERROALLOY PRODUCERS ASSN. (ABRAFE) TO OBTAIN INFORMATION CONCERNING THE GROWTH OF THE FERROALLOY INDUSTRY IN BRAZIL AND THEIR CONCERN ABOUT THE SOUTH AFRICAN INDUSTRIES ROLE IN THE WORLD MARKET.

5. MESSRS. INGERSOLL AND THORPE WILL ARRIVE IN BRASILIA THE MORNING OF AUGUST 17. PLEASE RESERVE SINGLE HOTEL ROOMS IN BRASILIA FOR AUGUST 17 THROUGH 22 FOR MR. THORPE AND FOR AUGUST 17 THROUGH '9 FOR MR. INGERSOLL. ALSO, RESERVE ONE SINGLE ROOM IN RIO DE JANEIRO FOR THE LIMITED OFFICIAL USE

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PERIOD AUGUST 23 THROUGH SPETEMBER 1 FOR MR. THORPE AND ONE SINGLE ROOM FOR THE PERIOD AUGUST 23 THROUGH 27 FOR MR. INGERSOLL. TRANSPORTATION TO AND FROM AIRPORTS WILL ALSO BE APPRECIATED. AUDITORS WILL ADVISE FLIGHT DETAILS WHEN CONFIRMED.

6. MR. THORPE HAS BEEN GRANTED SECURITY CLEARANCE FOR OFFICIAL PURPOSES FOR ACCESS TO SECURITY INFORMATION UP TO AND INCLUDING TOP SECRET AND MR. INGERSOLL UP TO AND INCLUDING SECRET. THIS CERTIFICATION IS NOT TO BE HONORED UNLESS THESE REPRESENTATIVES PRESENT OFFICIAL U.S. GENERAL ACCOUNTING OFFICE CREDENTIALS.

7. PLEASE CONFIRM ITINERARY AND HOTEL RESERVATIONS TO PANAMA FOR TUCKER, GAO; INFO DEPARTMENT FOR GAO. VANCE

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